

TOPEKA

HOUSING FORECAST

WICHITA STATE UNIVERSITY | W. FRANK BARTON SCHOOL OF BUSINESS | CENTER FOR REAL ESTATE

2014

KANSAS HOUSING MARKETS FORECAST



WICHITA STATE
UNIVERSITY

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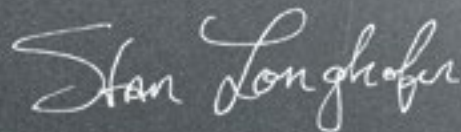
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TOPEKA HOUSING FORECAST

Through market ups and downs, our goal at the Center for Real Estate is always to provide you with the latest market data and unbiased analysis to help you understand and prepare for whatever the future may bring. With this aim in mind, we have separated the markets in our annual forecast to bring you a publication focused exclusively on the Topeka housing market. We trust you will find it useful as you work and live in the Topeka area.

For the latest data and analysis of the Topeka housing market—and to view our forecasts for other markets across the state—we invite you to visit us at our website at WWW.WICHITA.EDU/REALESTATE.

Dr. Stanley D. Longhofer
Director, WSU Center for Real Estate



THE WSU CENTER FOR REAL ESTATE

Wichita State University has one of the oldest real estate programs in the country. Since its inception, the program has strived to maintain close connections with real estate professionals throughout the region.

The Center for Real Estate was established in 2000 to help deepen the connections between the professional real estate community and the academic programs at Wichita State University. Toward this end, the Center engages in a variety of activities that promote and enhance real estate markets and related industries:

- We maintain comprehensive databases of publicly-available information on Kansas real estate markets, and make many of these available on our website at www.wichita.edu/realestate. If there is data you need, let us know and we'll see what we can do to help.
- We provide independent, expert analysis of area real estate markets and policy issues related to real estate.
- We conduct high-quality academic research on real estate, and then apply this research to develop practical resources that benefit real estate practitioners, policy makers and the general public. This forecast is just one example of this effort.
- We help students connect with area real estate professionals & organizations. If you have opportunities for current students or want to hire recent graduates, let us know and we'll help you connect.



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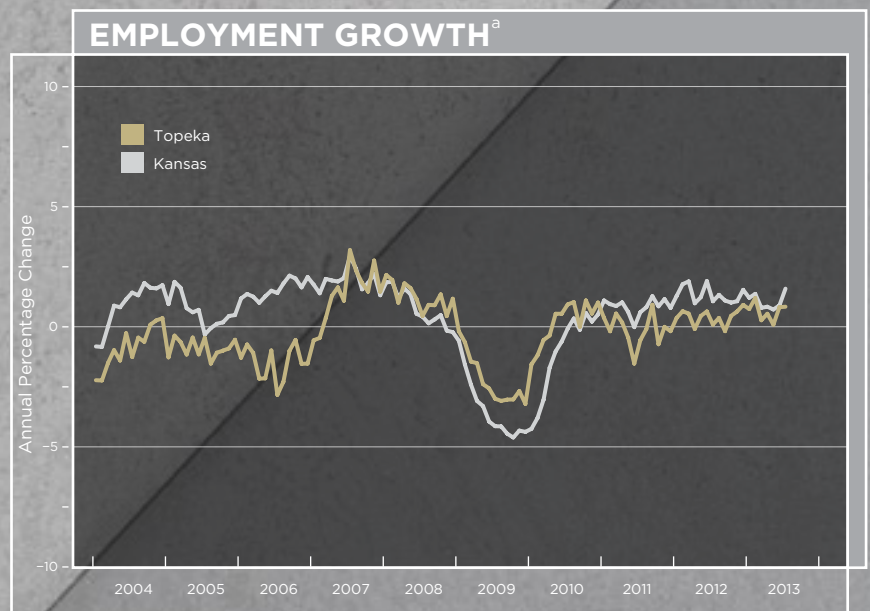
The W. Frank Barton School of Business at Wichita State has been the driving force behind some of the brightest minds and biggest ideas of the past 100 years. Combining the widest range of undergraduate degrees in the state and virtually unlimited learning opportunities (thanks to Kansas' largest business community), it's no surprise that employers continue to show a preference for hiring Barton School graduates. www.wichita.edu/business

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ECONOMIC OVERVIEW

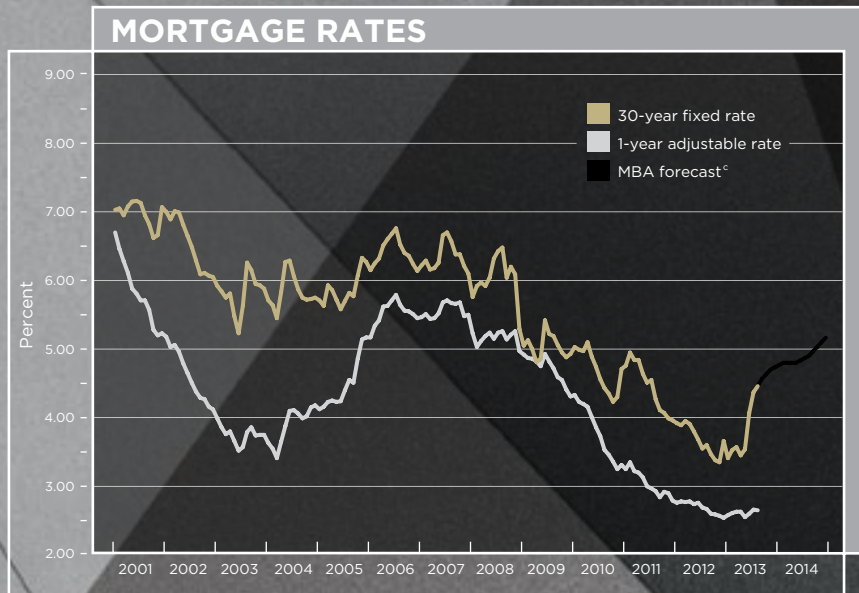
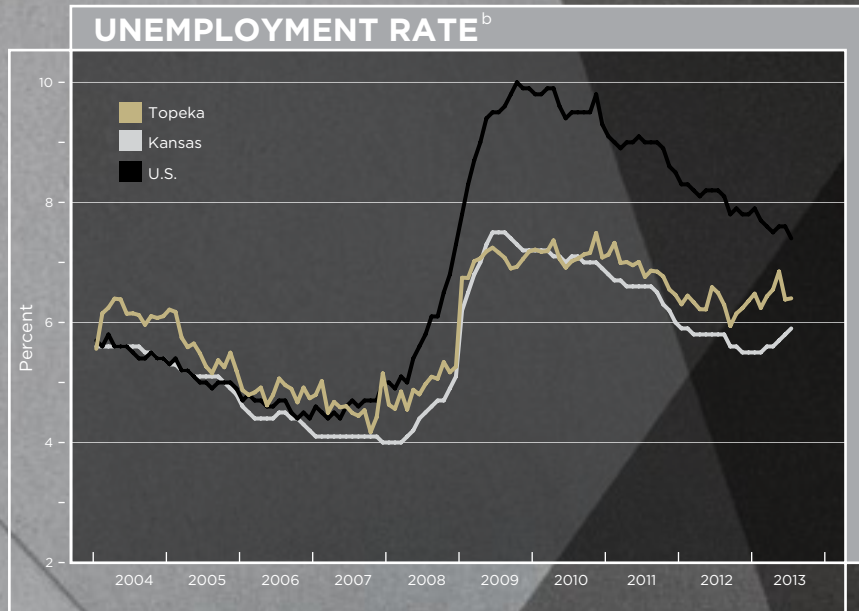
The Topeka area lost jobs throughout the beginning of the last recovery, with employment growth turning positive only in 2007. Although Topeka didn't lose jobs at the same rate as the rest of the state during the recession, it has yet to show any meaningful recovery since.



MORTGAGE RATES SHOULD REMAIN BELOW 5.25 PERCENT THROUGH THE END OF NEXT YEAR.

As a result, the small drop in the Topeka unemployment rate since 2011 seems to be due more to people dropping out of the labor force than it is from people finding work. What may have once been a stabilizer for the Topeka economy—government employment—may prove to be a drag for the foreseeable future.

After hitting all-time lows late last year, mortgage rates rose sharply in June. Even if rates rise above 5 percent next year, however, they will still be remarkably low by any standard. As a result, rising rates shouldn't put too much of a damper on the housing market.

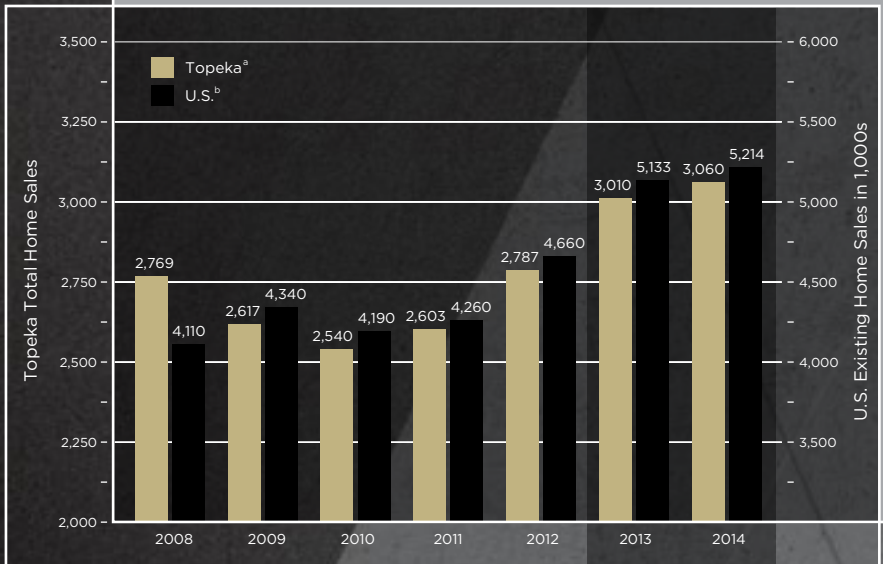


Sources:
 U.S. Bureau of Labor Statistics; Freddie Mac; Mortgage Bankers Association

Notes:
 a) Year-over-year percentage change in total non-farm employment
 b) Seasonally adjusted
 c) Mortgage Bankers Association August 2013 forecast of the 30-year conventional mortgage rate

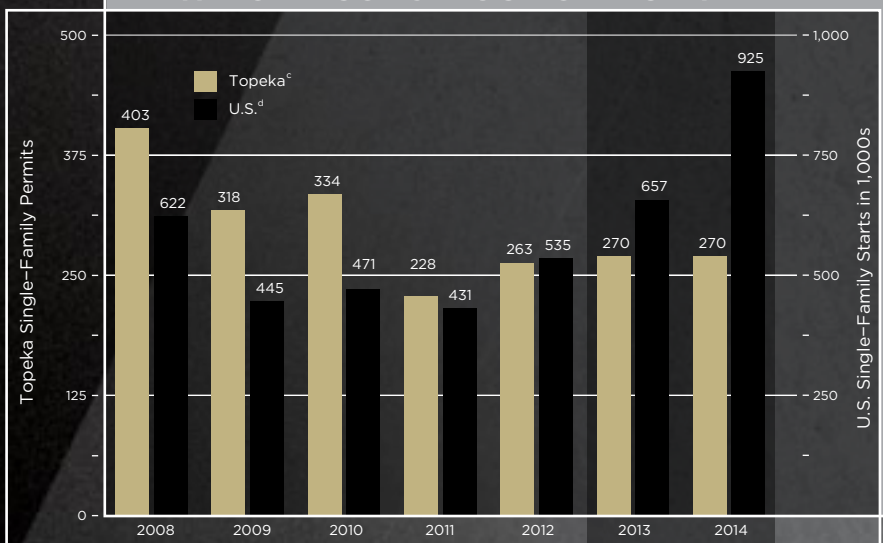
HOME AND CONSTRUCTION

HOME SALES ACTIVITY



FORECAST

NEW HOME CONSTRUCTION ACTIVITY



FORECAST

HOME SALES CONSTRUCTION

TOPEKA HOME SALES SHOULD INCREASE BY 1.7 PERCENT IN 2014.

Despite the challenges in the overall economy, Topeka area home sales have risen modestly in each of the past 2 years. This trend is continuing in 2013, and sales should end the year up 8.0 percent at 3,010 units. We forecast that sales will rise once again in 2014, up 1.7 percent to 3,060 units.

New home construction in the Topeka area has yet to see a meaningful rebound. Even after an increase of 35 units in 2012, permitting activity was more than 75 percent below its peak in 2004. With employment remaining sluggish and financing tight, there appears to be little to suggest construction activity will pick up significantly in the coming year. We forecast a total of only 270 new single family permits in 2014, unchanged from this year.

Sources:

National Association of REALTORS®; Topeka Area Association of REALTORS®; U.S. Bureau of the Census;
WSU Center for Real Estate

Notes:

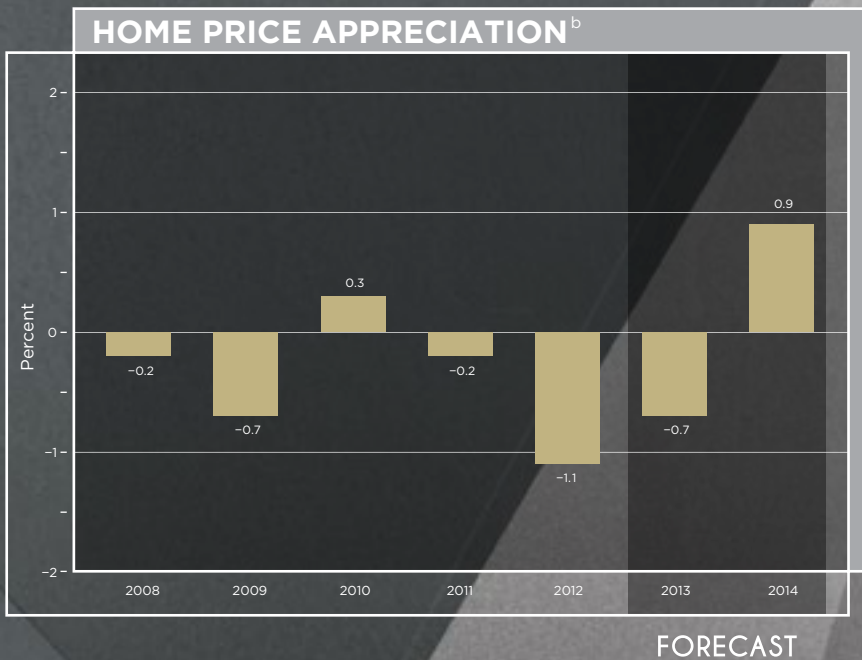
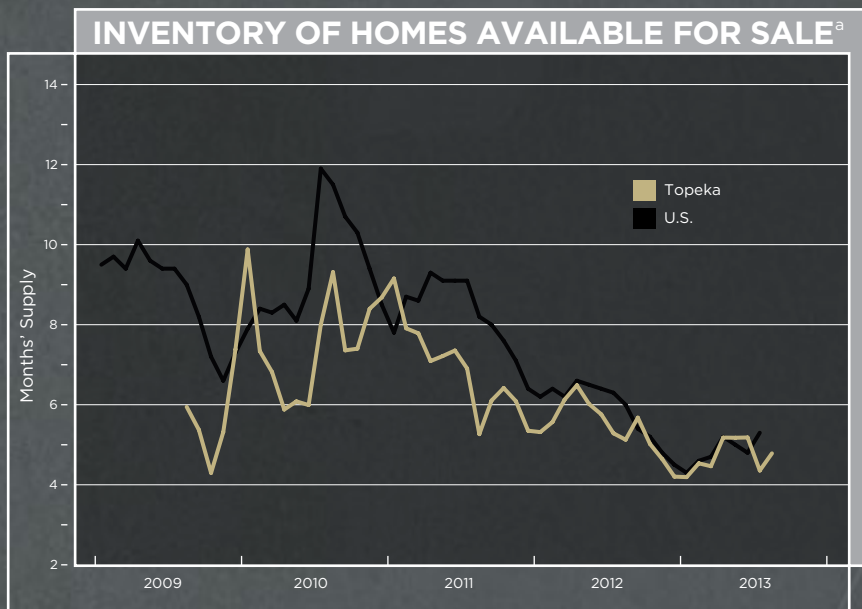
- a) Total home sales in the Topeka area as reported by the Topeka Area Association of REALTORS®
- b) U.S. existing home sales as reported by the National Association of REALTORS®
- c) Single-family building permits issued in the Topeka metropolitan area as reported by the U.S. Bureau of the Census
- d) U.S. single-family housing starts as reported by the U.S. Bureau of the Census

HOME PRICES

TOPEKA HOME VALUES SHOULD RISE BY 0.9 PERCENT IN 2014.

As home sales have risen over the past 2 years, the inventory of homes available for sale has continued to drop. Now the months' supply is just under 5 months, conditions that would be consistent with a market that is fairly balanced between buyers and sellers.

This has not, however, translated into meaningful home price appreciation. Although prices were up slightly during the first half of this year, we forecast that they will end the year down 0.7 percent, before rising a modest 0.9 percent in 2014.



Sources:

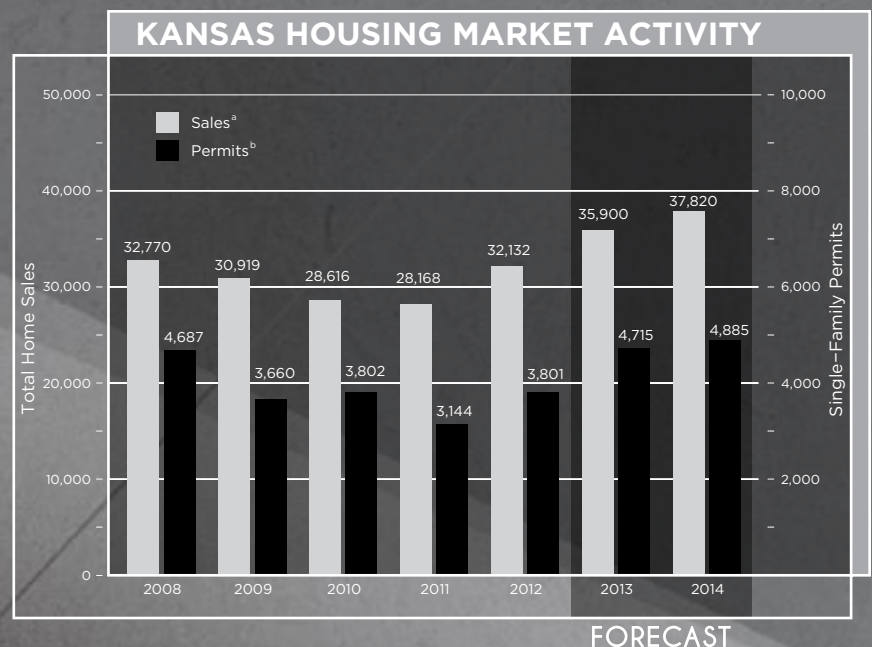
Federal Housing Finance Agency; National Association of REALTORS[®]; Topeka Area Association of REALTORS[®]; WSU Center for Real Estate

Notes:

- a) Ratio of active listings to home sales, seasonally adjusted
- b) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for the Topeka metropolitan area, as measured using 4th quarter values

KANSAS FORECAST

Sales across the state have been even stronger than expected this year. The majority of the MLS systems across the state—both large and small—have seen strong sales gains so far this year. As a result, we expect statewide sales to end the year up 11.7 percent at 35,900 units, and then to rise another 5.3 percent to 37,820 units in 2014.

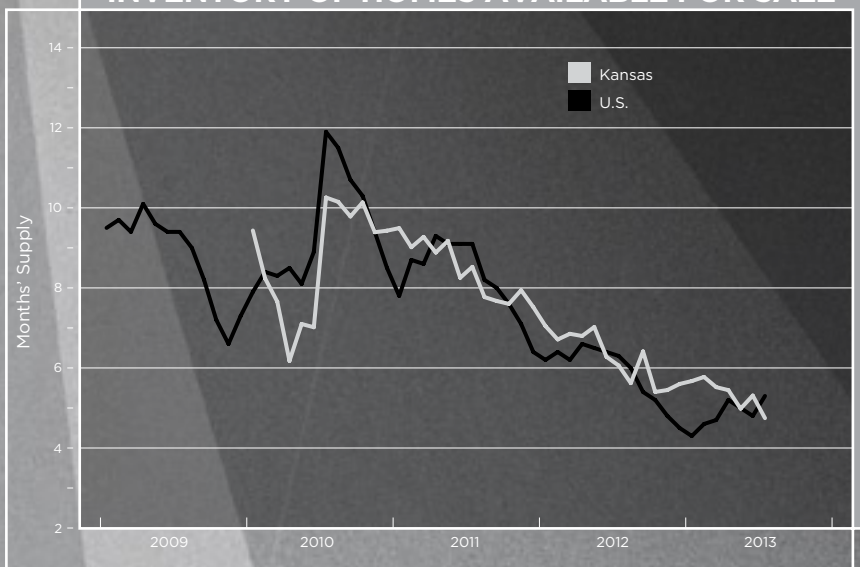


HOME SALES ACROSS KANSAS SHOULD
INCREASE BY 5.3 PERCENT IN 2014.

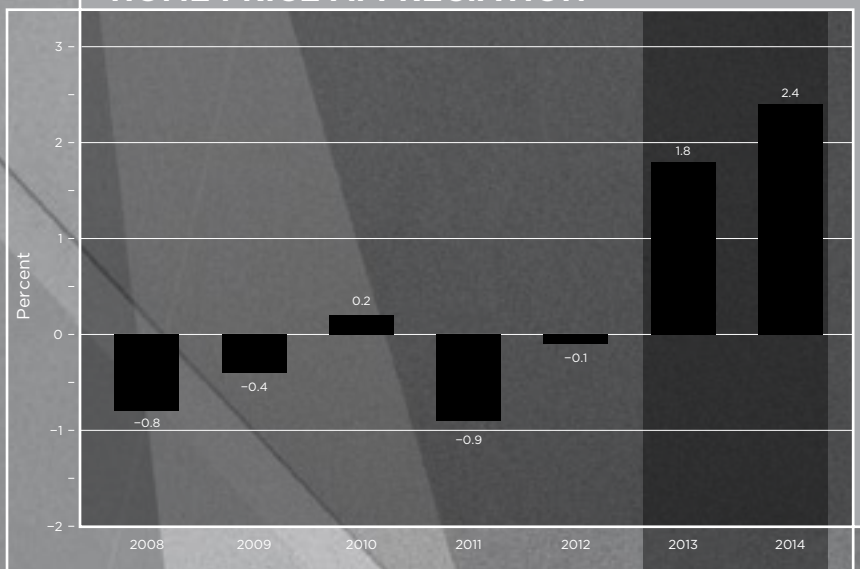
Kansas new home construction has risen sharply this year as well, led by especially strong gains in the Kansas City and Wichita markets. Permits should end the year up 24.0 percent at 4,715 units. Permitting activity will continue to rise in 2014, primarily due to growth in the Kansas City area.

Dwindling inventories of homes available for sale across the state are finally beginning to affect home prices. We expect home values across the state to end the year up 1.8 percent on average, and then to rise by another 2.4 percent in 2014.

INVENTORY OF HOMES AVAILABLE FOR SALE^c



HOME PRICE APPRECIATION^d



FORECAST

Sources:

Federal Housing Finance Agency; National Association of REALTORS®; Participating REALTOR® multiple listing services across Kansas; U.S. Bureau of the Census; WSU Center for Real Estate

Notes:

- a) Total home sales in Kansas as reported by participating REALTOR® multiple listing services across the state
- b) Single-family building permits issued in Kansas as reported by the U.S. Bureau of the Census
- c) Ratio of active listings to home sales, seasonally adjusted
- d) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions housing price index for Kansas, as measured using 4th quarter values

FORECAST SUMMARY

The WSU Center for Real Estate prepares housing market forecasts for each of the major markets across the state. A summary of these forecasts is provided here.

To download a copy of the complete forecast for each market, visit our website at www.wichita.edu/realestate. While there, you can also explore the wealth of additional data and analysis we provide on housing markets across the state.

The WSU Center for Real Estate:
Laying a Foundation for Real Estate in Kansas



Sources:

City of Manhattan; Federal Housing Finance Agency; Heartland Multiple Listing Service; Kansas Association of REALTORS® and participating REALTOR® multiple listing services across Kansas; Lawrence Multiple Listing Service; Manhattan Association of REALTORS®; South Central Kansas Multiple Listing Service; Topeka Area Association of REALTORS®; U.S. Bureau of the Census; Wichita Area Builders Association; WSU Center for Real Estate.

Notes:

Total home sales and average price figures include both existing and new home sales. Building permits reflect single-family residential building permits. Home price appreciation figures are the year-over-year percentage change in the Federal Housing Finance Agency all-transactions house price index, as measured using 4th quarter values. Sales volume includes both existing and new home sales and is measured in millions of dollars.

2010 2011 2012 2013 2014

FORECAST

	2010	2011	2012	2013	2014
KANSAS					
Total Home Sales	28,616	28,168	32,132	35,900	37,820
Building Permits	3,802	3,144	3,801	4,715	4,885
Home Price Appreciation	0.2	-0.9	-0.1	1.8	2.4
Sales Volume	4,444	4,261	5,082		
Average Price	155,282	151,270	158,169		
KANSAS CITY					
Total Home Sales	22,948	22,860	26,743	29,550	30,870
Building Permits	2,129	2,365	3,229	4,400	4,960
Home Price Appreciation	-0.6	-2.8	-0.9	2.3	2.7
Sales Volume	3,736	3,576	4,503		
Average Price	162,795	156,430	168,375		
LAWRENCE					
Total Home Sales	1,240	1,061	1,291	1,500	1,550
Building Permits	211	126	165	195	190
Home Price Appreciation	-0.4	-0.6	-0.2	0.8	1.7
Sales Volume	224	196	235		
Average Price	180,339	184,900	181,807		
MANHATTAN					
Total Home Sales	563	569	658	680	710
Building Permits	220	186	188	160	190
Home Price Appreciation	-0.6	-0.5	2.0	0.2	2.5
Sales Volume	107	109	132		
Average Price	189,992	191,492	200,552		
TOPEKA					
Total Home Sales	2,540	2,603	2,787	3,010	3,060
Building Permits	334	228	263	270	270
Home Price Appreciation	0.3	-0.2	-1.1	-0.7	0.9
Sales Volume	309	306	333		
Average Price	121,694	117,668	119,422		
WICHITA					
Total Home Sales	7,825	7,481	8,181	9,200	9,430
Building Permits	951	702	783	1,095	1,015
Home Price Appreciation	0.0	-0.9	-0.7	1.5	2.2
Sales Volume	1,034	974	1,062		
Average Price	132,165	130,209	129,795		

Lawyers Title of Topeka is a family owned business that has helped close and insure thousands of transactions over the past 38 years. In choosing Lawyers Title, you're partnering with our dedicated and professional staff working to meet your individual needs.

We take a proactive approach to make the real estate process a smooth and seamless experience. At Lawyers Title you get more than a title policy, you get a partnership beyond your expectations.

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